

Senate Bill No. 595

CHAPTER 217

An act to add Section 69505.5 to the Education Code, relating to postsecondary education.

[Approved by Governor September 6, 2013. Filed with
Secretary of State September 6, 2013.]

LEGISLATIVE COUNSEL'S DIGEST

SB 595, Calderon. Postsecondary education: financial aid.

Under existing law the Legislature declares that student assistance programs have the primary purpose of providing equal opportunity and access to postsecondary education for specified groups of students and that student aid programs should assist students to progress through the educational program in accordance with the individual's educational objectives.

This bill would require each campus of the California Community Colleges and the California State University and, as to the University of California, request each campus of the University of California, to not enter into a contract with any entity, whether a specific depository institution or an entity that partners with one or more depository institutions, on or after January 1, 2014, that requires a student to open an account with that entity as a condition of the student receiving his or her financial aid disbursement. The bill would also require each campus of the California Community Colleges and the California State University, or, as to the University of California, request each campus of the University of California, to offer a student the option of receiving his or her financial aid disbursement via direct deposit into an account at a depository institution of the student's choosing, and ensure that its contract or contracts for financial aid disbursement entered into on or after January 1, 2014, provide that the contracting entity shall initiate the direct deposit within one business day of receipt of the financial aid disbursement moneys from each campus of the California Community Colleges, the California State University, or the University of California, as applicable. By requiring each campus of the California Community Colleges to offer this option to students, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

The people of the State of California do enact as follows:

SECTION 1. Section 69505.5 is added to the Education Code, to read:
69505.5. (a) (1) No campus of the California Community Colleges or the California State University shall enter into a contract on or after January 1, 2014, with any entity, whether a specific depository institution or an entity that partners with one or more depository institutions, that requires a student to open an account with that entity as a condition of the student receiving his or her financial aid disbursement.

(2) Each campus of the University of California is requested to not enter into a contract on or after January 1, 2014, with any entity, whether a specific depository institution or an entity that partners with one or more depository institutions, that requires a student to open an account with that entity as a condition of the student receiving his or her financial aid disbursement.

(b) (1) Each campus of the California Community Colleges and the California State University shall offer a student the option of receiving his or her financial aid disbursement via direct deposit into an account at a depository institution of the student's choosing. Each campus of the California Community Colleges and the California State University shall ensure that its contract or contracts for financial aid disbursement entered into on or after January 1, 2014, provide that the contracting entity shall initiate the direct deposit within one business day of receipt of the financial aid disbursement moneys from each campus of the California Community Colleges and the California State University.

(2) Each campus of the University of California is requested to offer a student the option of receiving his or her financial aid disbursement via direct deposit into an account at a depository institution of the student's choosing. Each campus of the University of California is requested to ensure that its contract or contracts for financial aid disbursement entered into on or after January 1, 2014, provide that the contracting entity shall initiate the direct deposit within one business day of receipt of the financial aid disbursement moneys from each campus of the University of California.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.